

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FEA-01 AGR-05 AF-06 /126 W
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R 050924Z FEB 76

FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9817
INFO AMEMBASSY ATHENS
AMEMBASSY ATHENS
AMEMBASSY BANGKOK
AMEMBASSY NEW DELHI
AMEMBASSY SANTIAGO

C O N F I D E N T I A L CAIRO 1505

E.O. 11652: GDS

TAGS: ENRG, EG

SUBJECT: SINAI CRUDE

1. ACCORDING TO EGYPTIAN GENERAL PETROLEUM CORPORATION
GENERAL MANAGER RANSI LEITHY, GOE IS IN PROCESS WRAPPING
UP NEGOTIATIONS TO DISPOSE OF SINAI CRUDE OIL PRODUCTION.
AGREEMENTS FOR ROUGHLY EQUAL AMOUNTS (500,000 TONS PER
YEAR) HAVE BEEN MADE WITH INDIA AND GREECE IN LAST TWO MONTHS;
AGREEMENTS EXPECTED WITH CHILE AND THAILAND IN NEXT FEW WEEKS
(APPROX ONE MILLION TONS EACH). GOE INTENDS FINALIZE
CHILE DEAL WITH VISITING MINFIN CAUAS.

2. LEITHY TOLD EMBOFF THAT SINCE TAKEOVER OF SINAI
FIELDS, HE HAS BEEN USING SINAI CRUDE
IN AL-AMRIYYA REFINERIES (ALEXANDRIA) BECAUSE HE COULD NOT GET A
PRICE OVER \$10.00 PER BARREL. ADDITIONAL MORGAN CRUDE USUALLY
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USED IN ALEX REFINERY WAS SOLD ON WORLD MARKET. BEGINNING
WITH INDIA, LEITHY SAID EGYPTIANS MADE MAJOR EFFORT TO

OBTAIN AT LEAST \$10.00 PER BARRELL. INDIA AGREED AT \$10.12 PER BARREL, GREEKS FOLLOWED SUIT. IN CASE OF INDIA, GOE AGREED TO ACCEPT RUPEES FOR 1976 BUT WILL TAKE ONLY HARD CURRENCY FROM 1977 ONWARD. THERE IS NO MULTI-YEAR COMMITMENT, HOWEVER, AS INDIAN AGREEMENT IS NEGOTIATED YEARLY. IN CASE OF GREECE, GOE OBTAINED 75 PERCENT HARD CURRENCY PAYMENT, AND 25 PERCENT IN TOBACCO AT A 10 PERCENT DISCOUNT FROM MARKET PRICE FOR 1976; AGREEMENT SUBJECT TO ANNUAL RENEGOTIATION.

3. LEITHY SAID THAT CRUDE OIL PRODUCTION IN SINAI IS HOLDING STEADY AT AN AVERAGE OF 70,000 BPD. HE SAID HE WOULD EXPECT A CONSTANT DECREASE IN THIS FIGURE, ALTHOUGH AS YET HE SAID GOE STILL PRODUCING AT THE MAXIMUM RATE IN ALL FIELDS.

4. COMMENT: SINAI CRUDE IS HEAVY, SULFUROUS CRUDE. LEITHY SAID HE FEELS HIMSELF LUCKY TO HAVE GOTTEN QUOTED PRICE IN VIEW OF RECENT SLUMP IN DEMAND FOR SUCH CRUDE. WITH APPROXIMATELY ONE QUARTER OF CRUDE SOLD FOR RUPEES, AND ONE HALF STILL UNSOLD, REAL IMPACT OF SINAI CRUDE ON 1976 PETROLEUM REVENUES IS STILL TO BE JUDGED.
EILTS

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